



United States
Department of
Agriculture

Farmers
Home
Administration

Washington
D.C.
20250

FmHA AN No. 2175 (1951)

November 1, 1990

**SUBJECT: FmHA Program Management and Servicing
Goals - Assigned Weights**

TO: All State Directors

Purpose/Intended Outcome

FmHA AN No. 2104 established goals for FmHA's loan and grant servicing and loan making activities for the period July 1, 1990 - June 30, 1991. These goals constitute a quasi contract between the National Office and the State Offices for management activities and evaluating a State's performance. This AN establishes weights to be attached to the successful completion of each of those goals and is intended to provide guidance to State Directors on overall Agency priorities.

Comparison with Previous AN

There is no previous AN on this topic; however, this AN should be used in conjunction with AN No. 2104.

Implementation Responsibilities

State Directors and Program Chiefs should immediately review the goals noted in AN No. 2104 and use the numbered weights established by this AN in Attachments A, B, and C as measures of priority. Justifications for each of these weights are also included as a part of the attachments to this AN. Management plans, training schedules, performance elements and standards, and awards should reflect both the goals and their respective priorities.

Management

In the strategic planning process we have identified areas of management within FmHA that require special attention across all programs; credit quality, portfolio management, and guaranteed programs. Each of the goals noted in AN No. 2104 touched on these areas in one way or another. Numeric weights have been established to provide a quantitative gauge for measuring the relative importance of each goal. Each program area's weights are

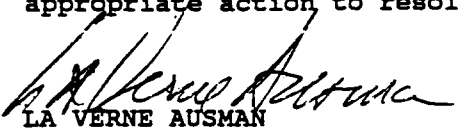
EXPIRATION DATE: June 30, 1991

**FILING INSTRUCTIONS: Preceding
FmHA Instruction 1951-A**



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based on a total of 100 points. Each State's score as measured against the goals with weights applied may, however, be other than 100 points. As was noted in AN No. 2104, the National Office will monitor your progress in achieving the established goals. You should also monitor the activities of the offices in your State to identify problem areas, and to take appropriate action to resolve any problems.


LA VERNE AUSMAN
Administrator

Attachments

Sent by Electronic Mail on 11/13/90 at 8:15 by ASD. The State Director should advise other personnel as appropriate.

WEIGHTED GOALS - FARMER PROGRAMS

Goal 1 - Credit Quality Control - 25 points

In order to reduce costs to the Government over the long run, the credit decisions for all new loans made must be strengthened. Therefore, the maximum amount of points for a single goal has been allocated to this area in order to focus attention on this important activity.

**Goal 2 - Reduce Costs of Providing Credit
(Guaranteed Loans) - 15 points**

During the shift from insured to guaranteed loans, it is necessary that we continue to emphasize the importance of the use of guaranteed loans to provide credit to farmers who need FmHA assistance.

**Goal 3 - Obtaining Maximum use of Private Sector
Credit - 15 points**

FmHA is a source of temporary credit. Therefore, every effort should be made to move borrowers into the private sector upon their financial ability to obtain such credit.

Measurement Clarification: To achieve this goal, move 75 percent of borrowers who were classified commercial and standard as of June 30, 1990, to private sector credit, with or without guaranteed loan assistance, by June 30, 1990. Credit towards goal accomplishment will be given for partial graduations as reported on the COORs report.

Example:


440 classified commercial and standard on June 30, 1990
x 75% - the goal percentage
 = 330 - number of borrowers to be moved to other credit.

Two partial graduations are equal to one full graduation for goal measurement purposes.

A borrower is considered as partially graduated provided all of the OL credit is provided by another lender or all of the FO credit is provided by another lender, with or without a guarantee.

Goal 4 - Timely resolution of Delinquent Accounts - 15 points

In order for the FmHA to have the time to be ahead of the curve and focus our resources on quality loan making and providing supervised credit, the backlog of delinquent borrower loan accounts must be resolved. Resolution of these cases will result in substantial savings to the Government.



Measurement Clarification: To achieve this goal, resolve 80% of borrower accounts listed on report code 540 who were 180 days or more delinquent as of June 30, 1990. Accounts classified as "collection only" will be added to the number to be resolved. Cases flagged FAP, CAP, BAP, and SAA as of June 30, 1990 are not included in the targeted number to be resolved.

Goal 5 - Automated Farm and Home Plans - 0 points

This goal has been withdrawn pending issuance to the field of Oracle Farm and Home plan system.

**Goal 6 - Reduce the cost of Handling Inventory
Property - 15 points**

Holding of inventory property is a big expense to the Government. Excessive holding time can very quickly erode any recovery to the Government. It is an important activity and needs constant attention.

**Goal 7 - Provide Maximum Opportunity to Socially
Disadvantaged Groups to Become Successful Farmers - 15
points**

The SDA program is a highly visible program and is important in meeting statutorily required assistance to SDA applicants.

WEIGHTED GOALS - HOUSING PROGRAMS

GOAL 1 - SFH Graduation - 30 points

We have made progress in reducing inventories and delinquencies, but little progress has been made in graduating those SFH borrowers able to move to private sources of credit. We must give additional attention to graduation, an important element of portfolio management.

GOAL 2 - SFH First Year Delinquencies - 20 points

First year delinquencies are a direct indicator of credit quality. Improved credit quality is one of the Agency's highest priorities.

GOAL 3 - Actual Delinquency Reduction

- a. 15 points - SFH Actual Delinquency Reduction
- b. 15 points - MFH Actual Delinquency Reduction

We need to continue to focus on management of the portfolio and the reduction of actual delinquencies.

GOAL 4 - Inventory Reduction

- a. 10 points - SFH Inventory Reduction and Retention Time.
- b. 5 points - MFH Inventory Reduction

We have reduced the number of inventory properties, but we need to continue to give this part of portfolio management attention.

GOAL 5 - Use of SFH Very Low-Income Funds - 5 points

We need to give attention to the use of 502 very low-income funds. Congress continues to target the housing program. It is important we properly utilize these funds.

ATTACHMENT C

WEIGHTED GOALS - COMMUNITY AND BUSINESS PROGRAMS

GOAL 1 - Servicing - 35 points

To assure that program objectives are fully accomplished, continued emphasis must be placed on loan servicing, especially for Business and Industry guaranteed loans. Servicing is a direct responsibility of the Agency for proper program implementation.

- a. CP Loan Servicing - 10 points
- b. B&I Loan Servicing - 25 points

GOAL 2 - Graduation - 25 points

Graduation is a statutory requirement and is the subject of recent OIG audits. To meet the Agency's objectives of graduation, it is essential that this be a high priority item.

GOAL 3 - CP Guaranteed Loanmaking - 20 points

To implement the Administration's policy of Community Programs guaranteed loanmaking, it is essential that this be a highly visible issue and will require substantial effort by State Directors and State and District Office personnel.

GOAL 4 - Insured Loanmaking - 20 points

Although there is substantial demand for insured loans it is essential that loanmaking be maintained at a reasonably high priority to assure that eligible and financially sound loans are made.